

**Governmental Health Group of Rhode Island
Minutes
Regular Meeting of the Board of Directors
Wednesday, May 31, 2006**

A regular meeting of the Board of Directors was held on Wednesday, May 31, 2006, at the Portsmouth Town Hall, 2200 East Main Road, Portsmouth, Rhode Island.

Roll Call

Board of Directors

Jane F. Correia	President	Present
Cynthia Brown	Director	Present
Shawn J. Brown	Treasurer	Present
Ron Devine	Director	Present
Miriam Goodman	Director	Present
Nancy Lalli	Director	Present
Robin Reasor	Director	Present
Patricia Watkins	Director	Excused

Alternate Board Members:

David P. Faucher	Vice President	Present
Maureen Macera	Alternate	Excused
Catherine McLeish	Alternate	Present
Edward Mara	Alternate	Excused
Robert Murray	Alternate	Present
Robert Mushen	Alternate	Excused
Glenn Steckman III	Alternate	Present
Michael Saunders	Alternate	Excused

Others Present

Lynne Dible	Secretary	Present
Stephen Zubiago	Nixon Peabody LLP	Excused
Kevin Walsh	Group Benefits Strategies	Present

Call to Order

President Correia called the meeting to order at 9:30 a.m. Secretary Dible reported that a quorum was present.

Agenda

A motion was made by C. Brown, seconded by S. Brown, to approve the agenda for the 05/31/06 meeting. The motion was approved unanimously.

Secretary's Report:

A motion was made by S. Brown, seconded by C. Brown, to approve the minutes (previously emailed) of the meeting held 04/26/06. The motion was approved unanimously.

Treasurer's Report:

A motion was made by C. Brown, seconded by R. Devine, to approve the Treasurer's Report for period ending 04/30/2006 as presented. S. Brown reported that as of 04/30/2006 the financial activity continues to be consistent from month to month. He added that the GHGRI received their first reimbursement from the Stop loss Insurance of \$125K, and a credit of \$13K on the retention charge on Stop loss. As of 04/30/2006, Net Income for the GHGRI was \$1.0M. The motion was approved unanimously.

S. Brown informed the group that the Feasibility Study being done by Milliman is currently underway and should be completed in approximately two weeks. He added that he would invite Milliman to the June 28, 2006 meeting to present the completed study. S. Brown also reported that there have already been two meetings held with CCR relative to the annual audit of the GHGRI. FY2006 audit fieldwork will begin after 6/30/2006, with Blue Cross records scheduled for audit in September 2006, in order to ensure that all claims will have been received and paid for the fiscal year. During September 2006, Milliman will also complete their IBNR reserve analysis.

Warrants:

A motion was made by S. Brown, seconded by M. Goodman, to approve the June 2006 Warrant Summary. The motion was approved unanimously.

Self-Funded Cost vs. Funding Analysis:

K. Walsh provided an overview of the Self-Funded Cost vs. Funding Analysis Report. He reported that the overall Cost/Funding ratio was 84.5% at the end of April 2006. He mentioned that on the last page of the report is a Disputed Claims Log, which includes potential duplicate claims that are under review. Two of the claims incurred in July and August 2005 were in fact duplicated, and were adjusted back in January 2006.

He also reviewed the High Cost Claim Report through April 2006 stating that there was only one member in excess of the \$200,000 ceiling, with total claims of \$325,189, at the end of April 2006.

K. Walsh then reviewed the GHGRI Impact of Pooling versus Reinsurance Report and explained that the pooling charge was approximately \$704K more than what was pooled in claims by the overall group. He added that once the 7/06 reinsurance is secured, he would be able to compare the 7/06 annual reinsurance premium cost to the 7/06 pooling charges to determine the net impact of pooling for next year. He also reviewed the 7/2006 Impact of Credibility for GHGRI and stated that the credibility factor helped four of the six groups that are not 100% credible, resulting in a total positive overall impact of \$117K for the group. He reminded everyone that this factor had a negative impact on many of the groups for the past two years.

K. Walsh added that he is currently working with Blue Cross to develop a Retention Analysis Report and plans to have it for the next meeting. He also stated that the bid for reinsurance has gone out and he will provide an analysis at the June 28, 2006 meeting. Discussion continued regarding the impact of a Pandemic on the GHGRI. S. Brown stated that Milliman is including this consideration in the feasibility study.

Old Business:

Billing Adjustments - Retroactivity. K. Walsh explained that a meeting took place on May 18, 2006 with Blue Cross and S. Brown at GBS to determine a solution to the retroactive billing adjustment issue. It was determined at that meeting that Blue Cross could provide a Report that detailed the number of contracts by month. This report would be run twice a year, May and September, and would be used by GBS to issue a retroactive billing through April and then a final one in September to catch all outstanding retroactivity for the fiscal year. Each group would continue to pay as billed and would remain on the On-Line Enrollment System with Blue Cross. S. Brown added that the auditors will need a source document that can be audited and reconciled for the year, and this process would provide the proper documentation for the auditors. A motion was made by S. Brown, seconded by C. Brown, to have GBS proceed with the reconciliation of retroactive billing adjustments for the period June 2005 through April 2006, and put the Retroactive Billing Policy on the June 28, 2006 Agenda for approval by the Board. Discussion followed regarding adding some language to the policy that would address the handling of large retroactive adjustments as they occur. The motion was approved unanimously.

DBR Approval of Plan of Operation. J. Correia reported that S. Zubiago was very optimistic that the governor will approve the legislation. He recommended waiting until after the legislation passed to meet with J. Torti of DBR. D. Faucher added that the Feasibility Study will also be completed and can be discussed at the DBR meeting, which will be scheduled with J. Torti in the next few weeks. The same sub-group of Board Members who previously met with J. Torti is invited to attend.

Proxy Voting. J. Correia summarized the issue recently raised of Proxy Voting versus the voting authority of an Alternate Member in the absence of the primary Board member. D. Faucher pointed out that there is a potential contradiction in the By-Laws, specifically Article 2 Section 8 on proxy voting conflicts with Article 3 Section 2 regarding the appointment and voting authority of alternates on the Board of Directors, and suggested that the Board resolve this. Discussions continued related to who has the authority to appoint the Board Member and the Alternate within each community and does one member need to be from the school side and one from the municipal side when groups are jointly rated within a community. Clarification is needed of when a proxy vote is acceptable. J. Correia requested D. Faucher put together proposed changes to the By-Laws and clarification of the definition of proxy voting. D. Faucher agreed to have the proposed language changes ready for the June 28, 2006 meeting.

Meeting Location. J. Correia stated that the meeting location for the Regular Meetings of the GHGRI Board of Directors would move on July 1, 2006 to the East Bay Collaborative Site on Rt 136 in Warren, RI, for the period 07/01/2006 – 12/31/2006. She added that she would bring dates for the twelve FY2007 Regular Meetings of the Board to the June 28, 2006 meeting. Discussion followed regarding the upcoming Annual Meeting to be held during September 2006. A Nominating Committee consisting of D. Faucher, S. Brown, M. Goodman, and C. Brown will work together to provide nominations for the new officers to be elected at the Annual Meeting.

New Business:

Medicare Part D reimbursement consideration / BCBSRI Prescription Drug Rebates & Hospital Settlement Payments. K. Walsh explained that the net amount of the prescription drug rebates this year was \$81,211 for the period of October 2004 through September 2005. This period covers a timeframe mostly prior to the forming of the GHGRI. In contrast, the anticipated Medicare Part D reimbursements relate to a timeframe mostly after the forming of the GHGRI. A motion was made by S. Brown, seconded by C. Brown to distribute the Medicare Part D reimbursement directly to the individual members, net of the costs incurred by GHGRI, and to distribute the prescription drug rebates directly back to the groups for this year only, based on June 2006 enrollment. All future prescription drug rebates / hospital settlement payments would be distributed back to the GHGRI. The motion was approved unanimously

Adjournment: A motion to adjourn at 11.08 p.m. was made by C. Brown seconded by M. Goodman. The motion was approved unanimously.

The next regular meeting is June 28, 2006 at Portsmouth Town Hall.

Respectfully submitted,

Lynne S. Dible, Secretary